Guidelines for the grant of cash compensatory support

3413. SHRIMATI RATAN KUMARI : Will the Minister of COMMERCE be pleased to state :

(a) whether his Ministry have issued any guidelines for grant of CCS;

(b) if so, what are the details thereof and the authority resonsible to see the compliance of the guidelines;

(c) whether there are any penalties for violation of guidelines;

(d) if so, what are the details thereof;

(e) whether it is a fact that his Ministry have recommended certain export proposals of M/s. Hoechst and Sandoz in violation of the laid down guidelines; and

(f) if so, what are the details thereof and what action has been taken in both these cases ?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU) : (a) and (b) Broad guidelines governing grant of CCS are indicated below :—

(i) The main element for fixation of CCS rate is compensation for unrebated indirect taxes like Sales Tax, Octroi Duty etc. which are not refundable through the Duty Drawback mechanism including the cascading effect due to our structure of taxation.

(ii) The disadvantage on account of high freight due to various factors like low volume of trade, discriminatory freight rates adoted by the Conference lines, etc., may be compensated to the extent they are discriminatory.

(iii) Compensation for product and market development may be given on selective basis.

(iv) Special consideration may be given for agricultural and agro-based products and for perishable agricultural items like fruits and vegetables by giving weightage for transportation cost within India from producing centres to Ports and also air freight in the case of perishable items.

(v) Special consideration for handicrafts and handlooms by giving weightage for value added through labour.

(vi) CCS may also be granted on a selective basis to profit earning export products to the extent of compensation for incidence of unrefunded indirect taxes.

(vii) The CCS rate is restricted to a cut-off point of 25% of net foreign exchange earned (FOB realisation after deducting import content of the product).

The following Inter-Ministerial Committee are responsible for making recommendations regarding grant of CCS on different commodities in accordance with the guidelines :—

(i) Cash Assistance Review Committee headed by Additional Secretary in the Ministry of Commerce; and

(ii) MDA Main Committee headed by the Commerce Secretary.

The recommendations made by these committees require approval of Commerce Minister before they are given effect to.

(c) The recommendations of these Committees are considered and approved by the Govt. Therefore, the question of penalties for violation of guidelines does not arise.

(d) Does not arise.

(e) and (f) CCS is granted commodity-wise and not with reference to individual exporters.

Failure of *voluntary* disclosure schemes

3414. SHRI MOHINDER SINGH LATHAR :
SHRI ISH DUTT YADAV :

Will the Minister of FINANCE be pleased to state :

(a) whether Government have made any evaluation with regard to the cause of failure of the voluntary disclosure schemes